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Attorney Docket No.: 1021002

Title: Method and System for Discount Debit Card

Hon. Commissioner of Patents, Alexandria, VA. 22313

## APPEAL BRIEF

### I.

#### REAL PARTY IN INTEREST

The Real Party In Interest is the inventor Kyle Ray Brown.

### II.

#### RELATED APPEALS, INTERFERENCES, JUDICIAL PROCEEDINGS

There are no related Appeals, Interferences, Judicial Proceedings, of any kind.

### III.

#### STATUS OF CLAIMS

Claims 1-18 and 28-36 are pending and are finally rejected by Office action mailed 08/28/2007. Claims 19 - 27 are canceled.

### IV.

#### STATUS OF AMENDMENTS

A Response After Final Rejection was filed 10/22/2007. The Response was a Request For Reconsideration without amendment to the claims as in the Final Rejection. The claims as finally rejected in the Office action and as presented in applicant's Response After Final Rejection, filed 10/22/2007, are the claims 1-18 and 28-36, pending and which stand under the Final Rejection 08/28/2007.

V.

Summary Of Claimed Subject Matter

A.

A Concise Explanation of the Subject Matter Defined in Each of the Independent Claims 1, 10, 28, in  
This Appeal

1.0 Independent Claim 1- Explanation of the Subject Matter

The invention, as recited in independent claim 1, is a discount debit system using an electronic debit card 25, (hereinafter “eCard,”), a telecommunications network, connecting a merchant 23 and merchant terminal 24, and a discount debit plan provider processor 31. The discount debit plan provider processor 31 includes a stored discount debit plan for the eCard holder and the participating merchant. The processor 31, withdraws or debits funds from an eCard holder” account, 33, according to the data or information, of a discount transaction made between the eCard holder and the merchant. The processor 31, uses the eCard holder debited funds to pay the participating merchant 23,12, an amount representing the discounted transaction amount, according the discount debit plan and fees or commissions due to the discount plan provider. The amount withdrawn or debited from the eCard holder”s account, 33, is the discounted transaction amount paid to the merchant”s account 29 and the amount of commissions or fees, paid to the discount plan provider.

The system and process is shown in Fig. 1, Fig. 2, and as described according to a preferred embodiment, starts with presetting a merchant terminal 24, with discount data needed by the discount plan processor 31 for responding to a merchant eCard transaction. See Fig. 1, Page 9, lines 25 -31, Page 10, lines 1 -31.

In a transaction, the participating merchant is registered with the discount debit plan provider processor 31, using a sample credit card issued to the merchant for the sole purpose of registering the merchant's point of sale terminal 24,with the processor 31. Fig 1, 2, numerals 23, 24, 31, 32, 35, Page 10, lines 8 - 32, Para. 032. The merchant uses the sample eCard to send the sample eCard transaction data over a telecommunications line, 3, 4, 9, to the discount debit plan provider processor 31.

The processor 31, settles all payments responsive to the transaction data, and according to the discount debit plan for the eCard holder and the registered participating merchant. In settling the transaction, the discount debit plan provider processor 31, deposits the amount of the discounted transaction in the merchant's account 12, 29. Page 11, lines 1 -24.

Funds for paying the merchant are withdrawn from the eCard holder by debiting (withdraws an amount of money for payment), from the eCard holder's account, Fig. 1, numeral 33, Fig. 3, numeral 33, and crediting the discount plan provider account 41. The amount credit to the discount plan provider account 41, is used for disbursement of the discounted transaction amount to the participating merchant 23, 24, and of the commission to discount plan provider, Page 12, lines 12 - 30, Page 13, lines 7 - 21.

In settling the discounted transaction with eCard holder, the discount debit plan processor, debits (withdraws an amount of money for payment from), the eCard holder's account for the discounted transaction amount, comprising the amount paid to the merchant and the amount of fees or commissions paid to the discount plan provider. See Fig. 3, numerals 31, 33, 41, Page 13, lines 22 - 31, Page 14, lines 1 - 32, Page 15, line 1.

The discount debit plan provider's processor 31, responsive to the transaction data credits the merchant and debits a source account of fungible funds 41, for the amount credited to the merchant and replenishes the source account from at least a part of the amount debited from the aid eCard holder's account, Figs.1,3, numerals 5, 31, 33,, 41, Page 12, Para. 0037, lines 1-11. The debiting of the source account 41, is made without identification of a respective eCard holders funds, 21, 33, placed in said source account 41. Page 12, Para 039, lines 30-34,

1.1 In further explanation, the invention's elements as recited in Claim 1 with reference to the Specification, is provided below for additional clarification.

Claim 1. A system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a merchant's eCard holder related transaction data, crediting the merchant with the transaction amount reduced by a merchant discount and debiting the eCard holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee

to the discount debit card plan provider or its affiliates, comprising,

a discount debit plan provider terminal [See Fig. 1, Success Plan Provider System, 31 and Fig. 3, Discount Debit Plan Provider System 31, identified as the “success plan provider system 31,” and the “plan provider system 31,” see Page 11, Para. 34, lines 10 -16, Page 12, Para. 37, lines 1-11.

containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard [See Page 10, Para. 32, lines 24-32, Page 13, Para. 43, lines 30-31, Page 14, lines 1-12];

a participating merchant terminal with merchant identifying data [See Fig. 1, Fig. 2, numerals 23, 24, Page 10, Para. 32, lines 1-16];

said discount debit plan provider eCard with eCard data, including eCard holder identifying data [Page 9, lines 13 -21];

a telecommunications network Fig. 1, numerals 3, 4, 8, 9, Fig. 2, numerals 32, 35, Page 8, Para. 28, line 30, Page 9, lines 1-12];

connecting said discount debit plan provider terminal [Fig. 1, numeral 31, Fig. 2, numeral 31] and said merchant terminal [Fig. 1, numeral 23, 24, Fig. 2, numeral 23, 24], for transmitting data between said terminals [Page 11, Para. 33 - 35, lines 1-24];

said merchant terminal [Fig. 1, numeral 3, 4, 8, 9, 12, 23, 24, 31, Fig. 2, numerals 23, 24, 31], responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal [Page 11, Para. 36, lines 25 -31];

said discount debit plan provider's terminal [Figs. 1, 2 and 3, numeral 31], responsive to said transaction data for crediting said merchant's account Fig. 1, numeral 29], with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account [Fig. 3, numeral 21, 33], with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount [See Figs. 1, 2,

and 3, numerals 3, 4, 7, 9, 12, Page 13, Para. 41 -42, lines 7- 29].

## 2. Independent Claim 10- Explanation of the Subject Matter

The method of operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system, as recited in claim 10, is responsive to a transaction between a merchant and the merchant's eCard holder. The transaction data, transmitted to the discount debit provider processor, is used to process the transaction according to the discount debit plan by crediting or paying the merchant with the transaction amount reduced by a merchant discount and withdrawing from the eCard holder's account the transaction amount reduced by an eCard holder discount, by debiting the eCard holder's account, and crediting or paying the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates.

The method operates by connecting into a telecommunications network [3,4,8,9,10,12], a discount debit plan provider terminal [31], containing data indicative of a discount debit card plan for use by participating merchants [23]. and for application to transactions with a discount debit plan provider's authorized eCard [21, 25], [Fig. 1, Page 8, line 30, Page 9 lines 1 - 24].

A merchant, Fig. 1, numeral 23, is connected into the telecommunications network [2, 3, 4, 9,], by connecting a merchant terminal, 24, with merchant identifying data [ Fig. 2, Page 9, lines 25 - 30, Page 10, line 1 -32].

The card holder 21, eCard, 25, used in merchant terminal 24 and for the eCard holder transaction at the merchant terminal 24, is provided with the Card holder's identifying data [Fig. 1, numeral 25, Page 9, lines 13 - 24].

The transaction data is transmitted to the discount debit plan provider's terminal 31, from the merchant terminal, 24, responsive to the eCard data and to the transaction data related to a transaction made between said participating merchant 23, and said eCard holder, 21 [Page 11, lines 1 - 30, Page 12, line 1 -11].

The discount debit plan processor, 31, responsive to the transaction data, credits or pays the merchant's

account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debits the eCard holder's account with the eCard holder's discounted amount represented by the transaction amount reduced by said eCard holder's discount [Figs. 1, 2, 3, Page 13, lines 1 -30, Page 14, line 1 -21].

### 3. Independent Claim 28, Explanation of the Subject Matter

A system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system, is responsive to a eCard holder 21, related transaction data, by crediting a merchant, 23, with the transaction amount reduced by a merchant discount and debiting the card holder 21, with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider 31, or its affiliates 47.

The system's discount debit plan processor, 31, stores and processes data indicative of the discount debit card plan, as shown in Fig. 1, by numeral 31, Page 9, line 22 -30, Page 10, line 1 -11.

The system uses an eCard for storing eCard holder identifying data, as shown in Fig.1, by numerals 21, 25, Page 9, line 13 -24.

Transmission and reception of transaction between an eCard holder using an eCard 25, at a merchant's terminal 24, is shown in Fig. 1, numerals 3, 4, 8, 9, 12, Page 8 line 1, Page 9, line 1-12, Page 11, lines 1 - 31.

The merchant terminal 24, storing participating merchant 23, identifying data, is used for processing transaction data indicative of an eCard 25 holder transaction with said the merchant terminal 24. Fig. 1, numeral 24, Page 3, line 23 - 26, Page 9, line 13 - 31.

The discount debit plan provider processor 31, processes the transaction data for the merchant 23, eCard 21, transaction which includes the transaction amount, the participating merchant identifying data, and the eCard holder data, [Fig. 1, numeral 31, Page 11, line 10 -24.

The system for transmission and reception of data, shown in Fig. 1, by numerals 3, 4, 8, 9, 12, 34, 35

Fig. 2, by numerals 32, 35, and Fig. 3 by numerals 5, 6, and 7, Page 8, line 31, Page 9, line 1 -12, Page 10, lines 8-32, Page 11, line 10 -24, connects the discount plan provider processor, Fig. 1, numeral 31. The discount debit plan provider processor 31, is used to store and process data indicative of a discount debit card plan with the merchant terminal 24, used for storing participating merchant identifying data, Fig 1, numeral 23, 24, and is used for transmission of the data of a transaction between an eCard holder 21,25, and a merchant 23, 24 and the discount debit plan provider processor 31. Page 11, line 1 - 31.

The discount debit plan provider processor 31, used for processing data indicative of a discount debit card plan, Fig. 1, numeral 31, Page 9, line 22 -30, Page 10, line 1 -11, and for crediting a participating merchant's account Fig. 1, 23, 29, with a participating merchant's discounted amount represented by said transaction amount reduced by a participating merchant discount, and for debiting said eCard holder's account Fig. 1, 33, with an eCard holder's discounted amount represented by said transaction amount reduced by an eCard holder discount, Page 13, line 22 - 30, Page 14, line 1 -32, Page 15, line 1.

B. An Identification of Structure, Material, and Acts, Corresponding to Means Plus Function and Steps Plus Function, Recited in Claims 10 - 18 and 28 - 36.

10. A method of operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a merchant's eCard holder related transaction data, crediting the merchant with the transaction amount reduced by a merchant discount and debiting the card holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising the steps of,

connecting into a telecommunications network 3,4,8,9,10,12, a discount debit plan provider terminal 31, containing data indicative of a discount debit card plan for use by participating merchants 23, 24, and for application to transactions with a discount debit plan provider's authorized eCard 21, 25 [Fig. 1, Page 8, line 30, Page 9 lines 1 - 24];

connecting into a telecommunications network, 3, 4, 8,9, 12, a merchant terminal 24, with merchant identifying data [ Fig. 2, Page 9, lines 25 - 30, Page 10, line 1 -32];

including in said eCard 25, eCard data eCard holder's identifying data [Fig. 1, numeral 25, Page 9, lines 13 - 24];

transmitting said transaction data to said discount debit plan provider's terminal 31, from said merchant terminal 24, responsive to said eCard data and to transaction data related to a transaction made between said participating merchant 24, and said eCard holder 21 [Page 11, lines 1 - 30, Page 12, line 1 -11];

responsive to said transaction data, crediting said merchant's account 29, with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account 33, with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount [Figs. 1, 2, 3, Page 13, lines 1 - 30, Page 14, line 1 -21].

11. The method of claim 10, including the steps of, crediting a difference between said participating merchant's discount and said eCard holder's discounted amount as at least one fee to said discount debit plan provider or its affiliates [Figs. 1, 3, numerals 23, 29, 5, 31, 41, 47, 49, Page 14, lines 28 - 32, Page 15, line 1].

12. The method of claim 10, including the steps of, responsive to said transaction data, crediting said merchant [Fig. 1, numeral 29] and debiting a source account [Fig. 1, numeral 41] of fungible funds for the amount credited to said merchant 23, and replenishing said source account 41, from at least a part of said amount debited to said eCard holder's account [Fig. 1, numerals 33, Page 14, lines 13 - 27].

13. The method of claim 12, wherein said step of debiting of said source account 41, is made without identification of a respective eCard holder's funds, 21, 33, placed in said source account 41 [Fig. 1, numerals 5, 31, 33, 41, Page 14, lines 13 - 19].

14. The method of claim 10, including the step of including within an eCard 25, data related to said



discount debit card plan; and transmitting to said discount debit plan provider's terminal, merchant identifying data for entry into said discount debit plan provider's terminal [Figs. 1, 2, numerals 21, 23, 24, 25, Page 9, lines 13 -24, Page 10, line 8 -32].

15. The system of claim 14, including the steps of including within said eCard 25, sample transaction data; transmitting from said merchant's terminal 24, data indicative of said sample transaction; receiving at said discount debit plan provider's terminal 31, said data indicative of said sample transaction; and responsive to said data indicative of said sample transaction, denying said the participating merchant credit for said sample transaction [Figs. 1, 2, 23, 24, 31, Page 9, lines 13 -24, Page 10, line 8 - 32].

16. The method of claim 14, including the step of registering said merchant as a participating merchant in said discount debit card plan, responsive to said merchant identifying data [Page 10, lines 18 - 21].

17. The method of claim 10, including the steps of connecting said discount debit plan provider's terminal [Fig 1, numeral 31], to said participating merchant [numerals 23, 24, through an eCard company terminal [numeral 27]; and

transmitting said transaction data to said discount debit plan provider's terminal 31, from said eCard company terminal 27 [Page 11, lines 1 - 9].

18. The method of claim 17, including the steps of transmitting data authorizing said transaction to said participating merchant's terminal 24, responsive to said transaction data from said participating merchant's terminal [Page 11, line 17 - 24].

28. A system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a eCard holder related transaction data, crediting a merchant with the transaction amount reduced by a merchant discount and debiting the card holder

with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising,

means for storing and for processing data indicative of a discount debit card plan [Fig. 1, numeral 31, Page 9, line 22 -30, Page 10, line 1 -11];

means for storing eCard holder identifying data [Fig.1, numerals 21, 25, Page 9, line 13 -24];

means for the transmission and reception of data [Fig. 1, numerals 3, 4, 8, 9, 12, Page 8 line 1, Page 9, line 1-12, Page 11, lines 1 - 31];

means for storing participating merchant identifying data and for processing transaction data indicative of a transaction with said means for storing eCard holder identifying data [Fig. 1, numeral 24, Page 3, line 23 - 26 Page 9, line 13 - 31];

said means for storing and processing data indicative of a discount debit card plan, for processing said transaction data for said transaction with said eCard holder and said participating merchant, including a transaction amount, said participating merchant identifying data, and said eCard holder data [Fig. 1, numeral 31, Page 11, line 10 -24] ;

said means for the transmission and reception of data [Fig 1, numerals 3, 4, 8, 9, 12, Page 8, line 31, Page 8, line 1 -12, Page 11, line 1 -31], for connecting said means for storing and for processing data [Fig. 1, numeral 31] indicative of a discount debit card plan and said means for storing participating merchant identifying data [Fig 1, numeral 23, 24] for transmission of said transaction data to said means for storing data and for processing data, indicative of a discount debit card plan [Fig. 1, numeral 31, Page 11, line 1 -31];

said means for storing and for processing data indicative of a discount debit card plan [Fig. 1, numeral 31, Page 9, line 22 -30, Page 10, line 1 -11], for crediting a participating merchant's account with a participating merchant's discounted amount represented by said transaction amount reduced by a participating merchant discount, and for debiting said eCard holder's account with an eCard holder's discounted amount represented by said transaction amount reduced by an eCard holder discount [Page

13, line 22 - 30, Page 14, line 1 -32, Page 15, line 1].

29. The system of claim 28, wherein said means for storing and for processing data indicative of a discount debit card plan [Fig. 1, numeral 31, Page 11, line 10 -24] includes means for crediting a difference between said participating merchant's discounted amount and said eCard holder's discounted amount [Page 14, line 1 -12].

30. The system of claim 29, wherein, said means for storing and for processing data indicative of a discount debit card plan [Fig. 1, numeral 31, Page 11, line 10 -24] includes means for crediting said participating merchant account [Fig. 1, numeral 29],,from a source of fungible funds [Fig.1, numeral 41], and for replenishing said source of fungible funds from at least a part of said eCard holder's discounted amount [Fig. 3, numerals 5, 6, 7, 14, 21, 31, 33, 41, Page 14, line 13 -19] .

31. The system of claim 28, including means for storing sample transaction eCard holder identifying data,[Fig.1, numeral 25], said means for storing and for processing data indicative of a discount debit card plan [Fig. 1, numeral 31], for processing sample transaction data for a sample transaction with said sample eCard holder and said participating merchant [Figs. 1, 2, numerals 24, 25, 31, 32, 36, Page 10, lines 8 - 32].

32. The system of claim 31, wherein said means [Fig. 1, numeral 31], for storing and for processing data indicative of a discount debit card plan, includes means to deny the said participating merchant, credit for said sample transaction [Fig. 1, numeral 31, Page 10, line 24 - 27].

33. The system of claim 32, wherein, said means for storing and processing data indicative of a discount debit card plan, [Fig 1, numeral 31], includes means for processing said sample transaction data for registering said merchant as a participating merchant in said discount debit card plan [Page 10, line 18 - 24].

34. The system of claim 30, including means for replenishing said source of fungible funds [Fig. 1, numerals 31, 41], from at least a part of said eCard holder's discounted amount [Fig. 1,Page 14, line 13-19].

35. The system of claim 34, wherein said means for replenishing said source of fungible funds, includes means for debiting said eCard holder account [Fig. 1, numerals 7, 31, 33, Page 13, line 22 - 29, Page 14, line 13-19].

36 The system of claim 29, wherein said means for storing and for processing data indicative of a discount debit card plan [Fig. 1, numeral 31], includes means for debiting said eCard holder account [Fig. 1, 3, numerals 5, 6, 7, 33, 31, [Page 13, line 13 - 19].

## VI.

### Grounds Of Rejection To Be Reviewed On Appeal

Grounds of rejection, as stated in the Final action, mailed 08/28/2007, are,

1. Claims 1-6, 8-15, 17-18, 28-32, & 34- 36 are rejected under 35 U.S.C. 103(a) as being anticipated by Harris (U.S. 6,014,635) in view of Pierce et al. (U.S. 6,332,126),
2. Claims 7, 16, & 33, are rejected under 35 U.S.C. 103 (a) as being unpatentable over Harris in view of Pierce et al. as applied to claims 1-6, 8-15, 17 -24, and 26 -27 above, and further in view of Barbara et al. (U.S. 2003/0105710), and
3. Claim 16 & 33 recite equivalent limitations to claim 7, and are therefore rejected using the same art and rational as set forth.

## VII.

### Argument

#### A.

#### The Law

The law with respect to obviousness and the standard of review for examination, are explained in **IN RE SANG-SU LEE** 277 F.3d 1338 (Fed. Cir. 2002) and the leading case law on 35 U.S.C. 103, **KSR**

**INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL.** 527 U.S. 150, 50 USPQ2d 1930 (1999).

#### The Standard of Review

The standard of review requires that a final action of rejection, on appeal, must be set aside an action that is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; or unsupported by substantial evidence. **In re Sang Lee**, at, 1342.

The board cannot rely on conclusory statements when dealing with particular combinations of prior art and specific claims, but must set forth the rationale on which it relies .Id.

#### Obviousness

**KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL.**, is the most recent Supreme Court analysis of the the factors defining the inquiry of "obviousness," set out in *Graham v. John Deere Co. of Kansas City*, 383 U. S. 1, 17-18, as an out an objective analysis for applying '103:

"[T]he scope and content of the prior art are . . . determined; differences between the prior art and the claims at issue are . . . ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." While the sequence of these questions might be reordered in any particular case, the factors define the controlling inquiry. At 2.

In applying the Graham test, the Court provided as guiding principles, at 3,

1. A combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.
2. When a work is available in one field, design incentives and other market forces can prompt variations of it, either in the same field or in another.
3. If a person of ordinary skill in the art can implement a predictable variation, and would see the benefit of doing so, '103 likely bars its patentability.
4. Moreover, if a technique has been used to improve one device, and a person of ordinary skill

in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond that person's skill.

5. A court must ask whether the improvement is more than the predictable use of prior-art elements according to their established functions. Following these principles may be difficult if the claimed subject matter involves more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement.

6. To determine whether there was an apparent reason to combine the known elements in the way a patent claims, it will often be necessary to look to interrelated teachings of multiple patents; to the effects of demands known to the design community or present in the marketplace; and to the background knowledge possessed by a person having ordinary skill in the art.

7. To facilitate review, this analysis should be made explicit. But it need not seek out precise teachings directed to the challenged claim's specific subject matter, for a court can consider the inferences and creative steps a person of ordinary skill in the art would employ.

In addressing combination patents, the Court, referring to *Application of Bergel*, 292 F. 2d 955, 956-957 (1961), acknowledged the helpful insight captured by the Court of Customs and Patent Appeals, when it first established the requirement of demonstrating a teaching, suggestion, or motivation to combine known elements in order to show that the combination is obvious,

In a case of non-obviousness, as found by the Court, at 11,

[A]s is clear from cases such as *Adams*, a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of two known devices according to their established functions, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known.

In any analysis of "obviousness," the Court cautioned, at 11,

... Rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational

underpinning to support the legal conclusion of obviousness"). As our precedents make clear, however, the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.

The Courts analysis, of obviousness, in view of the foregoing, may be summarized in the following four rules as,

- a. a requirement in the case of a combination of two known devices according to their established functions, it would be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does;
- b. when the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be non obvious;
- c. secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented; and
- d. it would not be necessary for one skilled in the art to look only at the prior art in the same relevant field as the invention but may proceed by common sense and a market place analysis look at other devices that could be used to make the invention.

Overriding and integrating the four rules, is the Standard of Review, requiring record support for the asserted facts and an articulated reason, supported by common sense acceptable logic, in support of the conclusion for obviousness.

## B.

### Introduction- What Applicant Will Demonstrate In The Appeal Brief

1. Applicant will demonstrate the facts asserted in the Final Action for Harris and relied on in the Final Action Rejection, do not exist, as represented in the Final action, and do not meet the substantial evidence standard of review.

Applicant will demonstrate his invention is a discount debit card system and method, while Harris is

limited to a credit card system, operating in a non-equivalent and in a different way, with different functions and with different results and which does not meet the recited claimed elements. Applicant will show that in a credit card system, completion of a merchant transaction is a conditional transaction which is delayed and impeded by the creation of reserves and potential denials and cancellations and which involves additional steps and functions, arising from requirements imposed on the credit card system which,

- a) creates a loan to the credit card holder and
- b) a payment to the merchant and to the credit card processor,
- c) with card holder recourse to disputes and fraudulent charges and
- d) payment to the merchant conditioned on the credit card holder honoring the purchase by paying off the loan, usually, upon a periodic presentment of accumulated credit card transactions, and
- e) for the benefit of the credit card provider or bank, withholding of a part of the payment due the merchant as a reserve against possible losses due to returns, disputes and fraudulent use of the credit card.

Applicant will demonstrate the inventive discount debit card system, according to the recited claimed elements, is distinctly different from the Harris credit card system, described above. According to the claimed recited invention, the debit discount card invention, charges a debit card holder account, by

- a) transferring a part of the discount purchase amount, unconditionally and without recourse to disputes or fraudulent charges, or reserves, to the merchant's bank account, as an immediate, final and full, transaction payment, and
- b) by transferring the balance to the discount debit card provider, as its immediate, final and unconditioned fee payment for the discount service associated with the debit card transaction.

2. Applicant will demonstrate Pierce is a method,

providing merchants with a flexible, cost effective method to provide a large number of interested consumers with value propositions that discount the merchants products and services, and to provide consumers, or cardholders, with a broad range of merchant offers in which they will be most interested.

The Pierce disclosure is a data mining operation, relying on credit card purchase histories , but not



altering or affecting the credit card payment process, as used in Harris.

As applicant will demonstrate, Pierce only shows a way of using a basic non discount credit card payment system, in the same way, with the same functions, and with the same result, as the Harris basic credit card system, but with the additional feature of using a respective card holder's purchases to identify buying preferences and to "target," the respective card holder with related discount offers.

3. Applicant will demonstrate Barbara is a person to person electronic fund transfer system, that may be used in a credit card environment or debit card environment. However, Barbara shows no interest in, need for, or purpose of, discounting merchant transactions.

### C.

The Rejection of Claims 1- 6, 8-15, 17-18, 28-32, & 34-36, Under 35 USC 103 As Being Anticipated  
[sic] by Harris In View of Pierce, Should Be Vacated.

#### 1.0 The disclosures of Harris, Pierce, and Barbara

##### General Overview

Credit card systems and debit card systems are notoriously well known in our consumer society. For example, as used in Harris, Pierce, and Barbara, merely the use of the terms, credit card, debit card, checking account, savings account, are well enough understood to be accepted without challenge or explanation. As is well known, for example, a credit card transaction is a loan to the credit card holder, until the card holder pays the loan balance. A debit card transaction is an immediate cash like transaction in that it electronically transfers funds from the debit card holder's account and pays those funds, or a substantial part of those funds, into the merchant's account. The debit card holder's account is electronically reduced by the amount of the purchase and the available funds in the merchant's account is electronically increased.

##### 1.1 Harris

Harris, credit card system, is the cited primary reference. As in all credit card systems, as notoriously

well known and understood by those skilled in the art and understood by any of the ubiquitous credit card users, a credit card transaction creates a loan to the card user, from the time of purchase to the periodic date of settlement.

At the time of the transaction, a series of accounting debit and credit entries are made, but no funds are transferred from the credit card holder by debiting the card holder's account and no funds are unconditionally deposited in a merchant's account, without being subject to recourse by the card holder or the card issuing bank. The payment to the merchant always is subject to, and conditioned upon, the payment of loan by the credit card user.

Harris is the cited primary reference. As stated and described in its Summary, it discloses,

[In] accordance with the principles of the invention . . . a system and method for providing a discount for a credit-based transaction. The system includes a discount credit network wherein a participant holding a transaction card account issued by a card issuer is assigned a membership number that is associated with one of the participant's transaction card accounts. Preferably, each membership number comprises a bank identification number assigned by a VISA.RTM. credit card system, thereby allowing the membership number to access and be processed by a VISA.RTM. credit transaction network.

Col 2, lines 17 - 28.

Preferably, during the settlement process of the present invention, both a debit transaction for 100% of the purchase price and a credit transaction for the discount savings are recorded on the participant's transaction card account statement. The settlement process may preferably occur either as a direct on-line process or in batch mode.

Col. 3, lines 7 -13.

The Harris system and method, as described, in its disclosure, is the well known credit card system, col. 3 lines 34 - 56. In its operation, the card holder purchase request is routed through a conventional credit transaction network, col. 7, lines 10 -26. Where the merchant secures a real time authorization from the discount credit network for 100% of the purchase price (before any discount is applied), col. 5, lines 13 - 27.

The Harris system and method requires a settlement process including first, a conventional credit card transaction authorization, between the merchant and the membership account issuing bank and second, between the discount merchant bank and the participant's transaction card issuing bank, Col. 8, lines 3 - 18.

Payment to the merchant is limited to the conventional VISA® credit transaction settlement procedures, col. 8, lines 19 - 28. Settlement is periodic, preferably by a consolidated monthly statement sent to the participant for payment. The monthly consolidated statement has a listings of purchases as a debit to the card holder's account and a credit for the discount, applied to the card holder's account, col. 8, lines 52 -58.

Commissions due to the discount authorization processor are paid on a periodic bases with the discount authorization processor required to forward a weekly report and commission invoice for commissions due on approved transactions using the discount credit network, col.8, lines 41 - 46.

### 1.2 Pierce

Pierce, cited with Harris, discloses a credit card system for identifying credit card user preferences through an analysis of their respective purchase history. Then, discount offers are made to the credit card users related to their respective purchase histories. See col. 2, lines 15-67, col. 3, lines 1-60.

### 1.3 Barbara

Barbara, cited with respect to Claims 7, 16, and 33, is a more complex version of an on line payment system, where funds are transferred from a card users funded account, to a recipient. As stated in its Summary,

[0065] Referring now in detail to an embodiment of the invention, an example of which is illustrated in the accompanying drawings, an embodiment of the present invention makes use, for example, of a payment engine that facilitates the making of payments between two individuals, such as someone who wants to send money to a child at college, via the Internet. A person-to-person aspect

of an embodiment of the present invention enables the making of such payments between individuals without the necessity of using, for example, checking accounts or savings accounts to fund those payments. The person-to-person aspect allows two people to use their credit cards, for example, to facilitate an on-line person-to-person transaction. An embodiment of the present invention makes use of an engine built, for example, on a bank cards technology platform of a financial institution, such as a bank, which enables features, such as allowing users to purchase at on-line merchants using monies that they received as cash in a person-to-person transaction.

Barbara describes a system for electronic transfer of funds and a debit card as, .a debit card with a 16 digit credit card number which draws funds from the customer's transaction account, Page 6, Para. [0078], and wherein the debit card is used to access funds in the line of credit rather than checks, Page 7, Para.[0079].

Barbara discloses nothing more or less than a system and method of transferring money between any kind of account, credit, checking, or personal savings, on a "person to person basis. Page 1 - 2, Para. [0018].

The debit card is only one of several types of accounts named by Barbara, including credit cards and checking accounts.

## 2.0 The Claimed Elements Not Shown By Harris, Pierce, and Barbara, Separately or In Combination

### Claim 1

Claim 1, is a system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a merchant's eCard holder related transaction data, crediting the merchant with the transaction amount reduced by a merchant discount and debiting the eCard holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates.

Particular recited elements of Claim 1, not disclosed by Harris , and acknowledged by examiner as not disclosed by Harris are,

a. a discount debit plan provider terminal [See Fig. 1, numeral 31], containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard, and

b. said discount debit plan provider's terminal[ numeral 31], responsive to said transaction data for crediting said merchant's account Fig. 1, numeral 29], with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount .

(See Final action, Page 4, lines 8 - 11.)

In addition to the acknowledged missing elements of Claim 1, the facts of Harris, as relied upon in the Final action, do not exist, as asserted in the Final action and do not support the Final action rejection of claim 1.

The particular asserted facts in Harris, relied on in the Final Rejection, and not disclosed in Harris, while subject to the non equivalent way of operation, functions, and results of Harris's credit card system, compared to the debit card system used in the claimed invention , as described above in Subsection C. 1.1, are as follows.

a) Harris, col. 3, lines 41 - 65, as cited by examiner, is limited to a "discount credit system," and does not disclose or teach, anything related to a discount debit system, or a "discount debit card plan", as recited in the claims.

(see Final action, Page 3, lines 1 -3).

b) Harris, col. 5, lines 29 - 60, as cited by examiner, is limited to a "discount credit system," and does not disclose or teach, anything related to a discount debit system, or a "discount debit plan, as recited in the claims.

(see Final action, Page 3, lines 6 - 9).

c) Harris, col. 2, lines 18 -28, as cited by examiner, is limited to a "credit system," and does not disclose or teach, anything related to a discount debit system, or a "discount debit plan," as recited in the claims (see Final action, Page 3, lines 10 -13)].

d) Harris, col. 1, lines 35 - 45, as cited by examiner, is limited to a "credit transaction network system," and does not disclose or teach, anything related to a "discount debit plan provider terminal," or a discount debit plan, as recited in the claims.

(see Final action, Page 3, lines 14 - 17).

e) Harris, col. 5, lines 63 through col. 6, line 37, as cited by examiner, is limited to "discount authorization processor, 17, within the confines of a "credit card system. [See Harris, col. 6, lines 7 - 17]. Harris does not disclose or teach, anything related to a "discount debit plan provider terminal," or a discount debit plan, as recited in the claims.

(see Final action, Page 3, lines 18 -21, Page 4, lines 1 -2.)

f) Harris, col.11, lines 50 -53, as cited by examiner, is limited to recording "transactions," within a convention credit system and credit card network. Harris does not disclose or teach, anything related to a "discount debit plan provider terminal," or a discount debit plan, or "debiting said eCard holder's account with said eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount."

(see Final action, Page 4, lines 3 -8.)

Pierce, as explained above, in Subsection C - 1.2, above, that Pierce, cited with Harris, is limited to a credit card system for identifying credit card user preferences through an analysis of their respective purchase history. Then, discount offers are made to the credit card users related to their respective purchase histories. See Pierce, col. 2, lines 15-67, col. 3, and lines 1-60.

With reference to the Final action, Page 4, lines 12 - 22, to Page 5, lines 1-4, there are no facts or reasons, provided in, or associated with Pierce or Harris, or otherwise shown by examiner to have been known to those skilled in the art, that would make obvious to one skilled in the art to adapt or modify or change the targeted offers to credit card holders with credit card accounts and discounts given for credit card transactions, to the claimed system and method

of,

- 1) a debit discount plan,
- 2) for use in a debit transaction,
- 3) using a debit card,
- 4) through a debit discount provider processor,
- 5) to apply a discount to a debit card transaction,
- 6) made through a telecommunications network connecting said discount debit plan provider terminal and said merchant terminal for transmitting data between said terminals, and wherein
- 7) said merchant terminal responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal; and
- 8) said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

The reason given for combining Harris and Pierce (see Final Action, Page 4, lines 12 to 22 and Page 5, lines 1 -4, in particular that Pierce,

"...discusses the desire for merchants to find consumers interested in their products or services and the desire for consumers to have products or services they want or need at discount prices. . . "

do not provide any reasons in support of the conclusion, given in the Final Action, as,

"Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Harris et al. to include a merchant discount for participation in a discount debit card system as taught by Pierce et al. in order to create a flexible, cost effective method for potential consumers to access various merchants."

The rationale given in the Final Action does not satisfy any of the criteria given in **KCR INTERNATIONAL, CO.** In particular, it does not, explain how the combination of Harris and Pierce,

1. Is a combination of familiar elements according to known methods is likely to be obvious because it does no more than yield predictable results. The Final Rejection has no showing or teaching, that the asserted combination of Harris and Pierce will have operate in an equivalent or predictable or the same way, or with equivalent or predictable or the same results, and with the equivalent or predictable or same functions, as the claimed invention.

2. Whether or how, the claimed invention was available in the same or a different field and where design incentives and other market forces did prompt or had prompted variations of the invention in the same field or in another field.

3. How a person of ordinary skill in the art can implement a predictable variation, and would see the benefit of doing so.

4. How the inventive technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the same inventive technique.

5. How the improvement is more than the predictable use of prior-art elements according to their established functions.

6. Whether there was an apparent reason to combine the known elements in the way a patent claims, for example to look to interrelated teachings of multiple patents; to the effects of demands known to the design community or present in the marketplace; and to the background knowledge possessed by a person having ordinary skill in the art.

7. How any analysis of obviousness is made explicit.

#### Claim 2 ,

Claim 2, dependent from the discount debit system of claim 1, recites,

... said discount debit plan provider's terminal credits a difference between said participating merchants discounted amount and said eCard holder's discounted amount as at least one fee to said discount debit plan provider or its affiliates.

Harris, col. 8, lines 42 - 52, describes the periodic settlement process in a credit card system, as is well known. It does not describe the recited discount debit plan provider's terminal or that a fee is provided from the difference between the participating merchants discounted amount and said eCard holder's discounted amount.



### Claim 3

Claim 3 is dependent from claim 1, and recites,

. . .said discount debit plan provider's terminal is responsive to said transaction data for crediting said merchant and for debiting a source account of fungible funds for the amount credited to said merchant and for replenishing said source account from at least a part of said amount debited to said eCard holder's account.

Harris, col. 8, lines 29 - 41, the operation of a conventional credit card system. Harris has no disclosure of a debit card system or a discount debit card system or a discount debit plan provider's terminal responsively debiting a source of fungible funds or replenishing said source account as recited, by the operation of a debit system.

### Claim 4

Claim 4 is dependent on claim 3. It recites,

. . .said debiting of said source account is made without identification of a respective eCard holders funds placed in said source account.

Harris, col. 8, 29 - 33, discloses that when payment is periodically made in the disclosed credit card system, the funds are withdrawn from an "umbrella account." (See Harris, col. 8, lines 19 - 33).

However, the payment is made within the credit card system and as a credit card loan and not as a debit to the account of the discount debit card holder. (See Harris col. 8, lines 19 - 32).

### Claim 5

Claim 5, dependent from claim 1, recites,

. . . an eCard containing data related to said discount debit card plan; said merchant terminal responsive to said eCard, for transmitting to said discount debit plan provider's terminal, merchant identifying data for entry into said discount debit plan provider's terminal.

Harris, col. 2, lines 18 - 28 and col, 6, lines 38 through col. 7, line 67, describe the accounting process of accounting for the transaction in a conventional credit transaction network (See col. 7, lines 11 -19). It does not show an "eCard with data related to the discount debit card plan, or responsive to the eCard,

transmitting merchant identifying data for entry into the discount debit plan provider's terminal.

#### Claim 6

Claim 6, dependent from claim 5, recites,

. . .said discount debit plan provider's terminal, responsive to said merchant identifying data, registers said merchant as said participating merchant in said discount debit card plan.

Harris, col. 9, lines 9 -47, and col.10, lines 46 - 54, describe a conventional credit card system and method for verifying a credit card as authorized for the transaction. As shown in Harris and as well known by those skilled in the art, the credit card transaction in Harris is canceled or denied where the credit card is invalid or the transaction amount is over the credit card limit. Harris does not show the recited discount debit plan provider's terminal registering the merchant responsive to the merchant identifying data recited in claim 5, as,

"merchant identifying data for entry into said discount debit plan provider's terminal. merchant identifying data for entry into said discount debit plan provider's terminal."

#### Claim 8

Claim 8, dependent from claim 1, recites

. . .wherein said telecommunications network connects said discount debit plan provider's terminal to said participating merchant through an eCard company terminal; said eCard company terminal responsive to said transaction data, transmits said transaction data to said discount debit plan provider's terminal.

Harris does not have or disclose a "discount debit plan provider terminal." The Final action acknowledged that omission from Harris on Page 4, lines 8 -12. Harris, Fig. 1, signals 24, 25, represent the processing of a conventional credit card transaction network and do not disclose the claimed discount debit transaction of claims 1 and 8.

#### Claim 9

Claim 9, dependent from claim 8, recites,

. . .said eCard company terminal responsive to said transaction data from said participating merchant's terminal, transmits data authorizing said transaction to said participating merchant's terminal.

Claims 10, 19, and 28, stand rejected as a Group, for the grounds given for claim 1, reciting system elements.

This Group rejection is made on the discretion of examiner, The Standard of Substantial Evidence, requires record facts and reasons why this examiner initiated Group rejection, be upheld. Lacking substantial evidence in support of the rejection, applicant is denied the Due Process right to articulate a response. Applicant and applicant's response to this rejection is to the limit and extent of the exact grounds of rejection made for the Group, as presented in the Final Action. Applicant's response and argument is for the Group, because the Final Action rejection provides no facts or reasons why this Group rejection is made. Without any grounds for rejection given against any one of the separate claims in this Group, or the Group as a whole, applicant is given no opportunity to make an argument in rebuttal of the rejection of any one of the separate claims 10, 19, and 28.

Because applicant is responding to the express rejection to this claims made as a Group in the Final Action, applicant's right of Due Process to answer the Group rejection in the exact terms and to the limit and extent of that Group rejection, may not be denied by requiring applicant, under the provision of 37 CFR 41.67(vii), to,

. . .select in a single claim from the group of claims that are argued together to decide the appeal with respect to the group of claims as to the ground of rejection on the basis of the selected claim alone . . . ,

or to hold,

. . .the failure of appellant to separately argue claims which appellant has grouped together shall constitute a waiver of any argument that the Board must consider the patentability of any grouped claim separately . . .

Because applicant is responding to the express rejection to this claims made and define, as a Group in the Final Action, applicant's right of Due Process to answer the Group rejection in the exact terms and to the limit and extent of that Group rejection, may not be denied by requiring applicant, under the provision of 37 CFR 41.67(vii), to make an argument for each individual claim in the Group or be held to a waiver of applicant's right to make the Board consider each individual claim in the examiner defined group, as separate individual claims, each requiring

substantial evidence for rejection.

Claims 10, 19, and 28 are method claims. The Final action has no articulated facts or reasons why the rejection of claim 1, should be applicable to these method claims. Examiners facts or reasons are not made known and applicant is denied any basis for argument. This rejection fails the Substantial Evidence standard of review because there are no articulated facts or reasons given for the rejection of these method claims, without any articulated facts or reasons given for the rejection, applicant cannot be expected to answer the rejection and the rejection must be vacated.

In response to the rejection using the same art and rationale as for claim 1, applicant applies the same argument as used by applicant for Claim 1.

Claims 11 - 15, and 17 - 18, stand rejected as a Group, for the grounds given for claims 2 - 6, and 8 - 9.

Applicant repeats and restates in its entirety, the argument made above for Claims 10, 19, and 28, that this Group rejection is made on the discretion of examiner, the Standard of Substantial Evidence, requires record facts and reasons why this examiner initiated Group rejection, be upheld. Lacking substantial evidence in support of the rejection, applicant is denied the Due Process right to articulate a response. Applicant and applicant's response to this rejection is to the limit and extent of the exact grounds of rejection made for the Group, as presented in the Final Action. Applicant's response and argument is for the Group, because the Final Action rejection provides no facts or reasons why this Group rejection is made. Without any grounds for rejection given against any one of the separate claims in this Group, or the Group as a whole, applicant is given no opportunity to make an argument in rebuttal of the rejection of any one of the separate claims 10, 19, and 28

Because applicant is responding to the express rejection to this claims made and defined, as a Group in the Final Action, applicant's right of Due Process to answer the Group rejection in the exact terms and to the limit and extent of that Group rejection, may not be denied by requiring applicant, under the provision of 37 CFR 41.67(vii), to make an argument for each individual claim in the Group or be held to a waiver of applicant's right to make the Board consider each individual claim in the examiner defined group, as separate individual claims, each requiring substantial evidence for rejection.

Claims 11 - 15, and 17 - 18 are method claims and claim 29 is a means plus function claim. The Final action has no articulated facts or reasons why the rejection of claim 2 - 6, and 8 - 9, should be applicable to these claims. Examiners facts or reasons are not made known and applicant is denied any basis for argument. This rejection fails the Substantial Evidence standard of review and cannot be answered and must be vacated.

In response to the rejection using the same art and rationale as for Claims 2 - 6, and 8 - 9, applicant applies the same argument as used by applicant. Claims 29 - 32, stands rejected for the grounds given for claims 2, 3, 6 & 6 [sic] respectively.

Applicant repeats and restates in its entirety, the argument made above for Claims 10, 19, and 28, that this Group rejection is made on the discretion of examiner, The Standard of Substantial Evidence, requires record facts and reasons why this examiner initiated Group rejection, be upheld. Lacking substantial evidence in support of the rejection, applicant is denied the Due Process right to articulate a response. Applicant and applicant's response to this rejection is to the limit and extent of the exact grounds of rejection made for the Group, as presented in the Final Action. Applicant's response and argument is for the Group, because the Final Action rejection provides no facts or reasons why this Group rejection is made. Without any grounds for rejection given against any one of the separate claims in this Group, or the Group as a whole, applicant is given no opportunity to make an argument in rebuttal of the rejection of any one of the separate claims 10, 19, and 28.

Because applicant is responding to the express rejection to this claims made and defined, as a Group in the Final Action, applicant's right of Due Process to answer the Group rejection in the exact terms and to the limit and extent of that Group rejection, may not be denied by requiring applicant, under the provision of 37 CFR 41.67(vii), to make an argument for each individual claim in the Group or be held to a waiver of applicant's right to make the Board consider each individual claim in the examiner defined group, as separate individual claims, each requiring substantial evidence for rejection.

Claims 29 - 32, are means plus function claims. The Final action has no articulated facts or reasons why the rejection of claim 29 - 32, should be applicable to these claims. Examiners facts or reasons are not made known and applicant is denied any basis for argument, This rejection fails the Substantial Evidence standard of review and cannot be answered and must be vacated.

Applicant applies the same argument for vacating the rejection of Claims 29 -32, as for claims 2, 3, and 6.

#### Claim 34

Claim 34 is dependent from 30, and recites,

... including means for replenishing said source of fungible funds from at least a part of said eCard holder's discounted amount.

Harris, col. 8, lines 34 -41, discusses an umbrella account. and replenishing the umbrella account, in a credit card transaction. As described in Harris, the amount of the transaction is withdrawn from or paid by, the membership account issuing bank and paid to the merchant bank. . There are no articulated facts or reasons why the credit card system " umbrella," membership bank account or merchant bank account ,of Harris should be applicable to the debit discount card system of claim 34, dependent from claims 28, 29, and 30, wherein the funds paid for the transaction from the source of fungible funds are replenished from at least a part of the eCard holder's discounted amount.. Examiners facts or reasons are not made known and applicant is denied any basis for argument. This rejection fails the Substantial Evidence standard of review and cannot be answered and must be vacated.

#### Claims 35 - 36

Claims 35 - 36, are rejected as "equivalent to claim 34."

Applicant repeats and restates in its entirety, the argument made above for Claims 10, 19, and 28, that this Group rejection is made on the discretion of examiner, The Standard of Substantial Evidence, requires record facts and reasons why this examiner initiated Group rejection, be upheld. Lacking substantial evidence in support of the rejection, applicant is denied the Due Process right to articulate a response. Applicant and applicant's response to this rejection is to the limit and extent f the exact grounds of rejection made for the Group, as presented in the Final Action. Applicant's response and argument is for the Group, because the Final Action rejection provides no facts or reasons why this Group rejection is made. Without any grounds for rejection given against any one of the separate claims in this Group, or the Group as a whole, applicant is given no opportunity to make an argument in rebuttal of the rejection of any one of the separate claims 10, 19, and 28.

Because applicant is responding to the express rejection to this claims made and define, as a Group in the Final Action, applicant's right of Due Process to answer the Group rejection in the exact terms and to the limit and extent of that Group rejection, may not be denied by requiring applicant, under the provision of 37 CFR 41.67(vii), to make an argument for each individual claim in the Group or be held to a waiver of applicant's right to make the Board consider each individual claim in the examiner defined group, as separate individual claims, each requiring substantial evidence for rejection.

Applicant's argument applied to Claims 35 - 36, is the same as made for 34.

#### Claims 7, 16, and 33

##### Claim 7

Examiner cites Para. 4 of Barbara, which is believed to be a typo error. The statement in the Final action identified as Barbara "4," appears to be Barbara Para. [0006].

Examiner restates the conclusion given in Page 4, lines 12 - 22, and Page 5, lines 1 - 4, of the Final action for the statement on Page 8, lines 4 -5, that "Harris and Pierce disclose the structural elements of the claimed invention." That conclusion was rebutted in applicant's argument in rebuttal of the rejection of claim 1, above.

The Final action acknowledges Harris and Pierce do not ,

" . . . expressly disclose wherein said discount debit plan provider's terminal, responsive to said merchant identifying data, registers said merchant as said participating merchant in said discount debit card."

(See Page 8, lines 5 - 8)

Barbara describes the debit card system and the credit card system as separate respective systems. See for example, where the person to person payment system described by Barbara is the invention, and credit cards used in the practice of the invention. (see, for example Para.0065)

"A merchant payments aspect of an embodiment of the present invention introduces deposit account functionality and debit card functionality, which enables purchases to be made at merchants directly, for example, from the recipient transaction account 30."

(See Para. 0074, lines 1 -2.)

As stated in the Final action, page 8, lines 13 -19, Harris and Pierce disclose credit card systems for electronic commerce. Barbara discloses a transaction account used as a "hub." (See Para. 0024)

However, there is no substantial evidence, namely facts and reasons, for how or why, Harris and Pierce would teach the claimed invention, or the conclusion given in Page 8, lines 19 -22,

" . . it would have been obvious to one of ordinary skill. . . to modify Harris and Pierce combination (sic), to include registering a merchant in the discount debit card plan based on predetermined parameters as taught by Barbara in order to provide a quick enrollment process."

Claim 7 is dependent from allowable claims 1 and 5. There is not substantial evidence that singularly or in any combination, is the structural elements of the claimed invention, including the discount debit plan provider terminal 31, is in any way disclosed by Harris, Pierce, or Barbara. (See applicant's argument in rebuttal to the rejection of claim 1, above.). There is no reason or reasons, given why the Barbara disclosure for on line payments or a hub, or the reference to "quick enrollments," would make the claimed element recited as,

"registering a merchant in the discount debit card plan,"  
obvious.

The premise of the rejection of claim 7, is that Harris and Pierce disclose the structural elements of the claimed invention. That premise was rebutted in the Argument for claims 1 and 5.

The rejection of claim 7, is not supported by any common sense logic connecting the "quick enrollment aspect," or the "hub," or the "on-line payments," to the recited claimed elements in claim 7.

This rejection of claim 7, is not supported by substantial evidence and should vacated.

Applicant applies the arguments made to vacate the rejection of claims 1 - 6, 8 - 15, 17 - 24, and 26 - 27, in response to the application of these same grounds given for the rejection of Claims 7, 16, and 33.



Claims 16 and 33 stand rejected for the grounds given for claim 7.

Applicant repeats and restates in its entirety, the argument made above for Claims 10, 19, and 28, that this Group rejection is made on the discretion of examiner, The Standard of Substantial Evidence, requires record facts and reasons why this examiner initiated Group rejection, be upheld. Lacking substantial evidence in support of the rejection, applicant is denied the Due Process right to articulate a response. Applicant and applicant's response to this rejection is to the limit and extent of the exact grounds of rejection made for the Group, as presented in the Final Action. Applicant's response and argument is for the Group, because the Final Action rejection provides no facts or reasons why this Group rejection is made. Without any grounds for rejection given against any one of the separate claims in this Group, or the Group as a whole, applicant is given no opportunity to make an argument in rebuttal of the rejection of any one of the separate claims 10, 19, and 28.

Because applicant is responding to the express rejection to this claims made and define, as a Group in the Final Action, applicant's right of Due Process to answer the Group rejection in the exact terms and to the limit and extent of that Group rejection, may not be denied by requiring applicant, under the provision of 37 CFR 41.67(vii), to make an argument for each individual claim in the Group or be held to a waiver of applicant's right to make the Board consider each individual claim in the examiner defined group, as separate individual claims, each requiring substantial evidence for rejection.

Claims 16, and 33 are method and means plus function claims, respectively. The Final action has no articulated facts or reasons why the rejection of claim 7, should be applicable to these claims. Examiners facts or reasons are not made known and applicant is denied any basis for argument, This rejection fails the Substantial Evidence standard of review and cannot be answered and must be vacated.

In response to the grounds of rejection for Claims 16 and 33, given as the grounds given for claim 7, applicant applies the same argument, above or vacating the rejection of claim 7.

3.0 "Response to Arguments," Final Action, Pages 9 - 11.

a) The argument that Harris is not exclusively a credit process," (See Final action, Page 10, lines 5 -

14), is inaccurate and is not based on the record facts of Harris, stated as, " the last full paragraph of the 'Summary of the Invention.'" See Final Action, Page 10, line 5.

The Summary of Harris describes a credit card process using a "discount credit network (col. 2, lines 59 - 61), in a "discount credit system," (col. 3, lines 4 -6). The "last full paragraph of the Summary," relied upon in support of this argument that Harris "is not exclusively a credit process", describes and is limited to a description if the "settlement process,' for the Harris credit card system, where the terms "debit," and "credit," are used in the context of the accounting process, for recording the transaction as a "debit," , an accounting notation only, on the "participant's transaction card account statement," (col. 3, lines 6 - 13).

There are no facts in the "last full paragraph of the 'Summary of the Invention," that could logically be understood in any other way than as explained above by applicant, as an accounting for the credit card transaction and not as a debit card transaction where the transaction account is removed from the eCard holder's account by actual transfer of the funds. The facts asserted in "last full paragraph of the 'Summary of the Invention,"do not provide any substantial evidence in support of examiner's conclusion and do not meet the standard of review requiring substantial evidence and common sense logic in support of examiner's conclusion.

A plain reading of the last paragraph of the "Summary of the Invention," that,

"both a debit transaction for 100% of the purchase price and a credit transaction for the discount savings are recorded on the participant's transaction card account statement."

(Underlining added)

referring to debit and credit, entries on the participant's transaction card account statement," limit this disclosure to the accounting process for recording the transfer of funds and not to the debit card transaction wherein funds are transferred.

Harris is limited to a conditioned transaction, where the transaction does not transfer funds from the card holder's account but is only recorded in the credit card holder's account. As a conditional transaction, it is subject to later settlement, disputes and denials. [See Subsection C - 1.1, above]

b) The argument that "Examiner provided proper motivation for combining [Harris and Pierce], is

not supported by substantial evidence or common sense logic, in the Final action (see Final action, Page 10, lines 14 - 22, and page 11, lines 1 -1 2).

Harris describes merchant discounts limited to a credit card system, requiring a credit card loan for the purchase amount, which is conditional and remains subject to a future payment at settlement. In the system of Harris, there are no final payments made from, and as part of the transaction, by debiting the card holder's account, as recited in applicant's claimed invention. Instead, the payments are conditioned upon settlement when the card holder pays the amount on the presented account statement and "pays off the credit card loan."

(See Harris, col. 8, lines 2 - 47; See Subsection C. 1.1, above)

There is no articulated reasons given in logical support of the statement in the Final action on page 10, lines 14 -22 and page 11. lines 1 - 2, that "[E]xaminer provided proper motivation for combining [Harris and Pierce]." Examiner's reliance on Harris discussion of a discount credit system with the discussion in Pierce of discounts given in a discounted credit transaction, does not address any system or method except for a credit card system. Harris and Pierce, are limited to a credit card system as described herein and do not address the invention recited in the claims as a discount debit card process, as described herein.

c) The argument that Harris disclosing in the "Summary of the Invention," shows a ". . .direct on-line process or in batch mode. . . " (See Final action, page 11, lines 3 -6), is limited to the credit card system of Harris. Examiner has not shown how the disclosure of a "direct on-line process or in a batch mode . . ."would teach the discount debit card system as claimed . The credit card system of Harris does not disclose or teach the recited claim elements of applicant's discount debit card process.

d) The argument that Harris teaches a discount debit card system and method, based on the assertion Harris discloses a Visa debit card number (see Final action, page 11, lines 7 - 12), is not supported by Harris. As disclosed in Harris, the conventional VISA debit card number, permits the number "to access and be processed through the conventional VISA credit transaction network," col. 4, lines 19 - 16. There is no disclosure in Harris of use of the VISA credit transaction network in a discount debit card system.

The disclosure of Harris is limited to a credit card process where the purchase price is loaned to the

card holder for future discounted. Harris does not show or disclose the recited claimed elements of applicant's discount debit card invention.. [See Subsection C. 1.1, above]

#### 4.0 Summary

The attempt to show any record facts and articulated reasons for combining Harris, Pierce, and Barbara, in any combination, must fail for the reason

- a) Harris is a discount credit card system and does not disclose the discount debit card system as claimed; and
- b) Pierce is limited to identifying consumer preferences in a credit card system for associating credit card users with discounts;
- c) Barbara is limited to a person to person debit card process, but does not alter the debit card fund transfer process or give any indication or hint about how or why, the debit card process could be used in the credit card process of Harris,
- d) It has not been shown in the Final Action, any reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does;
- d) It has not been shown in the Final Action how one skilled in the art, looking at the prior art in the same relevant field or in any other relevant field and proceeding by common sense and a market place analysis, could use Harris, Pierce, or Barbara, to make the invention.

Respectfully,

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## VIII.

### Claims Appendix

1. A system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a merchant's eCard holder related transaction data, crediting the merchant with the transaction amount reduced by a merchant discount and debiting the eCard holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising,  
a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard;  
a participating merchant terminal with merchant identifying data;  
said discount debit plan provider eCard with eCard data, including eCard holder identifying data; a telecommunications network connecting said discount debit plan provider terminal and said merchant terminal for transmitting data between said terminals;  
said merchant terminal responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal;  
said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.
2. The system of claim 1, and wherein said discount debit plan provider's terminal credits a difference between said participating merchants discounted amount and said eCard holder's discounted amount as at least one fee to said discount debit plan provider or its affiliates.
3. The system of claim 1, wherein, said discount debit plan provider's terminal is responsive to said transaction data for crediting said merchant and for debiting a source account of fungible funds for the amount credited to said merchant and for replenishing said source account from at least a part of said amount debited to said eCard holder's account.
4. The system of claim 3, wherein said debiting of said source account is made without identification of a respective eCard holders funds placed in said source account.

5. The system of claim 1, including an eCard containing data related to said discount debit card plan; said merchant terminal responsive to said eCard, for transmitting to said discount debit plan provider's terminal, merchant identifying data for entry into said discount debit plan provider's terminal.
6. The system of claim 5, wherein said eCard includes sample transaction data and said discount debit plan provider's terminal, responsive to transaction data indicative of said sample transaction, denies the participating merchant credit for said sample transaction.
7. The system of claim 5, wherein, said discount debit plan provider's terminal, responsive to said merchant identifying data, registers said merchant as said participating merchant in said discount debit card plan.
8. The system of claim 1, wherein said telecommunications network connects said discount debit plan provider's terminal to said participating merchant through an eCard company terminal; said eCard company terminal responsive to said transaction data, transmits said transaction data to said discount debit plan provider's terminal.
9. The system of claim 8, wherein said eCard company terminal responsive to said transaction data from said participating merchant's terminal, transmits data authorizing said transaction to said participating merchant's terminal.
10. A method of operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a merchant's eCard holder related transaction data, crediting the merchant with the transaction amount reduced by a merchant discount and debiting the card holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising the steps of, connecting into a telecommunications network a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard; connecting into said telecommunications network, a merchant terminal with merchant identifying data; including in said eCard, eCard data eCard holder's identifying data; transmitting said transaction data to said discount debit plan provider's terminal from said merchant terminal, responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder; responsive to said transaction data, crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's

account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

11. The method of claim 10, including the steps of, crediting a difference between said participating merchant's discount and said eCard holder's discounted amount as at least one fee to said discount debit plan provider or its affiliates.

12. The method of claim 10, including the steps of, responsive to said transaction data, crediting said merchant and debiting a source account of fungible funds for the amount credited to said merchant and replenishing said source account from at least a part of said amount debited to said eCard holder's account.

13. The method of claim 12, wherein said step of debiting of said source account is made without identification of a respective eCard holders funds placed in said source account.

14. The method of claim 10, including the step of including within an eCard, data related to said discount debit card plan; and transmitting to said discount debit plan provider's terminal, merchant identifying data for entry into said discount debit plan provider's terminal.

15. The system of claim 14, including the steps of including within said eCard, sample transaction data; transmitting from said merchant's terminal, data indicative of said sample transaction, receiving at said discount debit plan provider's terminal said data indicative of said sample transaction; and responsive to said data indicative of said sample transaction, denying said the participating merchant credit for said sample transaction.

16. The method of claim 14, including the step of registering said merchant as a participating merchant in said discount debit card plan, responsive to said merchant identifying data.

17. The method of claim 10, including the steps of connecting said discount debit plan provider's terminal to said participating merchant through an eCard company terminal; and transmitting said transaction data to said discount debit plan provider's terminal from said eCard company terminal.

18. The method of claim 17, including the steps of transmitting data authorizing said transaction to said participating merchant's terminal, responsive to said transaction data from said participating merchant's terminal.

28 A system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a eCard holder related transaction data, crediting a

merchant with the transaction amount reduced by a merchant discount and debiting the card holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising,

means for storing and for processing data indicative of a discount debit card plan;

means for storing eCard holder identifying data;

means for the transmission and reception of data;

means for storing participating merchant identifying data and for processing transaction data indicative of a transaction with said means for storing eCard holder identifying data;

said means for storing and processing data indicative of a discount debit card plan, for processing said transaction data for said transaction with said eCard holder and said participating merchant, including a transaction amount, said participating merchant identifying data, and said eCard holder data;

said means for the transmission and reception of data for connecting said means for storing and for processing data indicative of a discount debit card plan and said means for storing participating merchant identifying data, for transmission of said transaction data to said means for storing data and for processing data, indicative of a discount debit card plan;

said means for storing and for processing data indicative of a discount debit card plan for crediting a participating merchant's account with a participating merchant's discounted amount represented by said transaction amount reduced by a participating merchant discount, and for debiting said eCard holder's account with an eCard holder's discounted amount represented by said transaction amount reduced by an eCard holder discount.

29 The system of claim 28, wherein said means for storing and for processing data indicative of a discount debit card plan includes means for crediting a difference between said participating merchant's discounted amount and said eCard holder's discounted amount.

30 (New). The system of claim 29, wherein, said means for storing and for processing data indicative of a discount debit card plan includes means for crediting said participating merchant account from a source of fungible funds.

31 The system of claim 28, including means for storing sample transaction eCard holder identifying data, said means for storing and for processing data indicative of a discount debit card plan, for processing sample transaction data for a sample transaction with said sample eCard holder and said



participating merchant.

32. The system of claim 31, wherein said means for storing and for processing data indicative of a discount debit card plan, includes means to deny the said participating merchant, credit for said sample transaction.

33. The system of claim 32, wherein, said means for storing and processing data indicative of a discount debit card plan, includes means for processing said sample transaction data for registering said merchant as a participating merchant in said discount debit card plan.

34. The system of claim 30, including means for replenishing said source of fungible funds from at least a part of said eCard holder's discounted amount.

35. The system of claim 34, wherein said means means for replenishing said source of fungible funds, includes means for debiting said eCard holder account.

36 The system of claim 29, wherein said means for storing and for processing data indicative of a discount debit card plan, includes means for debiting said eCard holder account.

IX.

Evidence Appendix

NONE

X.

Related Proceedings Appendix

NONE